GAI 13 CED-82-98/sum.

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

COMPLETED
4
ORIGINAL

Improved Administration Of Federal Public Disaster Assistance Can Reduce Costs And Increase Effectiveness

SUMMARY

The Federal Emergency Management Agency provided over $700 million in public disaster assistance to State and local governments in fiscal years 1979 through 1981 to help them recover from major disasters. Public disaster assistance is intended to *supplement* resources available to State and local governments to respond to major disasters. GAO found that the Agency reimburses State and local governments for certain expenditures, such as costs for using their own employees and equipment, in disaster recovery activities. GAO believes that these costs should not be passed on to the Federal Government because they would have been incurred in any case. GAO also found that overall the public disaster assistance delivery system is cumbersome, resulting in inconsistencies in funding and dissatisfaction among State and local governments.

As a means of reducing Federal public disaster assistance costs, GAO recommends that the Congress amend the Disaster Relief Act of 1974 and that the Agency revise its regulations to require State and local governments to assume those disaster relief obligations which they are capable of paying. GAO also recommends that the Agency implement and test a streamlined system for providing public disaster assistance to State and local governments.

GAO/CED-82-98
JULY 23, 1982

Request for copies of GAO reports should be sent to:

U.S. General Accounting Office
Document Handling and Information
Services Facility
P.O. Box 6015
Gaithersburg, Md. 20760

Telephone (202) 275-6241

The first five copies of individual reports are free of charge. Additional copies of bound audit reports are $3.25 each. Additional copies of unbound report (i.e., letter reports) and most other publications are $1.00 each. There will be a 25% discount on all orders for 100 or more copies mailed to a single address. Sales orders must be prepaid on a cash, check, or money order basis. Check should be made out to the "Superintendent of Documents".

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

IMPROVED ADMINISTRATION OF FEDERAL PUBLIC DISASTER ASSISTANCE CAN REDUCE COSTS AND INCREASE EFFECTIVENESS

D I G E S T

The Federal Emergency Management Agency provided over $700 million in public disaster assistance from 1979 through 1981. The Agency could reduce public disaster assistance costs if State and local governments were not reimbursed for certain expenditures which they had the capability of providing for themselves. The Agency's delivery system for providing public disaster assistance to State and local governments resulted in inconsistencies in funding and a feeling of dissatisfaction with the Agency.

GAO's review is based on the Agency's administration of about $275 million in public disaster assistance following three major disasters--Hurricane Frederic in Mississippi and Alabama (September 1979), flooding and mudslides in California (February 1980), and high winds and tornadoes in Wisconsin (July 1980). This assistance includes reimbursements for costs of activities such as debris removal; emergency protective measures; and repair or replacement of roads, bridges, and other public facilities. (See p. 2.)

GAO made this review to determine whether the Agency was consistently and effectively providing public disaster assistance to State and local governments. GAO did not review Federal assistance provided directly to individuals since individual assistance was the subject of a January 1981 report. (See p. 4.)

OPPORTUNITIES AVAILABLE FOR REDUCING FEDERAL COST OF DISASTER ASSISTANCE

Under the Disaster Relief Act of 1974, public disaster assistance is intended to supplement resources available to State and local governments following major disasters. GAO found that the Agency provided public disaster assistance to State and local governments for certain expenditures which they had the capability of providing for themselves. Specifically,

State and local government applicants were reimbursed for

--salaries of State and local government employees who were temporarily reassigned from their day-to-day jobs to assist in disaster relief efforts (see p. 8),

--State and local government equipment temporarily diverted to disaster relief work (see p. 8), and

--repair or reconstruction of uninsured public buildings and facilities (see p. 10).

GAO believes that reimbursing these types of costs is not consistent with the intent of supplemental assistance. GAO is recommending that the Congress amend the Disaster Relief Act of 1974 and that the Federal Emergency Management Agency revise its regulations to require that State and local governments assume those disaster relief obligations which they are capable of paying. (See pp. 12 and 13.)

BETTER ADVANCE PREPARATION NEEDED FOR PROVIDING PUBLIC DISASTER ASSISTANCE

GAO found that State and local governments were not treated consistently in determining what expenses were eligible for reimbursement. Further, State and local governments have expressed dissatisfaction about many aspects of the way disaster assistance is provided. In large measure, these conditions are the result of problems inherent in the current system for providing public disaster assistance. The Agency relies on temporary staff as on-site inspectors to augment regional staff under the stressful conditions following a disaster. Some of these personnel did not have sufficient knowledge of and experience with cost reimbursement criteria, but made many immediate and very subjective judgments regarding complicated cost eligibility situations. Many cost eligibility decisions were subsequently reversed, creating dissatisfaction at the State and local level. (See pp. 16 to 24.)

Piecemeal changes geared toward improving the Agency's delivery system would be difficult, expensive, and probably counterproductive.

Fundamental changes are called for. The Agency has submitted legislation to the Congress which if enacted would simplify the procedures on projects of $25,000 or less. GAO believes that a streamlined system is needed to accomplish the objective of public disaster assistance while permitting State and local applicants to exercise substantially more discretion in establishing priorities and allocating funds to alleviate disaster-related State and local problems. (See pp. 24 and 25.)

GAO is recommending that the Agency seek passage of the legislative proposal before the Congress to simplify the procedures on projects of $25,000 or less as an interim step toward a total lump sum grant system. GAO is also recommending that the Agency work with State and local officials to minimize problems associated with estimating project costs, revise its rules and regulations accordingly, and develop an education and training program to better prepare participants engaged in disaster response and recovery activities. (See pp. 26 and 27.)

UNRESOLVED HAZARD MITIGATION ISSUE

The Agency's attempts to encourage State and local governments to plan and implement hazard mitigation measures to reduce the probability of adverse impacts of a major disaster have had limited success. An unresolved issue is whether the cost of implementing recommended hazard mitigation measures should be a Federal, State, or local government responsibility. As part of the Agency's responsibilities in emergency management, GAO is recommending that the Agency take the lead in resolving this issue. (See pp. 28 to 32.)

AGENCY COMMENTS

The Director of the Federal Emergency Management Agency acknowledged that certain problems identified in this report do exist, and he welcomed GAO's analyses and recommendations. He said they will help to improve program management. (See app. III.)

The Agency disagreed with GAO's proposal not to reimburse State and local governments for regular employees' salary and costs of owned equipment used for disaster recovery. The

Director also believes that compliance with GAO's proposal would put the Agency in violation of Office of Management and Budget Circular A-87, which relates to reimbursement of grant costs.

GAO believes that State and local government salary and equipment costs should not be transferred to the Federal Government for reimbursement. State and local governments should receive full credit for these costs toward satisfying their sharing requirement and be reimbursed only for incremental costs, such as overtime costs associated directly with disaster recovery work. GAO's recommendation would enable the Agency to better meet the intent of the 1974 act to supplement State and local disaster recovery efforts.

GAO also disagrees that its proposal would cause a violation of Circular A-87. Under this circular, agencies have the discretion to determine what costs should be allowed for a grant program. Circular A-87 does not require an agency to reimburse all State and local government costs. The Director's comments and GAO's evaluations are also contained on pages 12, 14, 27, and 32.

Contents

		Page
DIGEST		i
CHAPTER		
1	INTRODUCTION	1
	Process for obtaining public disaster assistance	1
	Objectives, scope, and methodology	4
2	OPPORTUNITIES AVAILABLE FOR REDUCING FEDERAL COSTS OF PUBLIC DISASTER ASSISTANCE	7
	Regular employees and equipment used for disasters	8
	Reconstruction of uninsured structures	10
	Conclusions	11
	Recommendation to the Director, FEMA	12
	Agency comments and our evaluation	12
	Recommendation to the Congress	13
	Agency comments and our evaluation	14
3	BETTER ADVANCE PLANNING AND SYSTEMS NEEDED FOR PROVIDING PUBLIC DISASTER ASSISTANCE	15
	Inconsistent cost eligibility responsible for dissatisfaction with FEMA	16
	Alternative system for providing public disaster assistance	24
	Conclusions	26
	Recommendations to the Director, FEMA	26
	Agency comments and our evaluation	27
4	FUNDING FOR HAZARD MITIGATION REMAINS AN UNRESOLVED ISSUE	28
	Federal initiatives to encourage hazard mitigation	28
	Prospects for accomplishing hazard mitigation are limited	29
	Conclusions	31
	Recommendation to the Director, FEMA	31
	Agency comments	32
APPENDIX		
I	Applicants contacted and amount of public assistance	33

		Page
APPENDIX		
II	Organizations visited or contacted	34
III	Letter dated May 5, 1982, from the Director, Federal Emergency Management Agency	38

ABBREVIATIONS

DSR	Damage survey report
FEMA	Federal Emergency Management Agency
GAO	General Accounting Office
OMB	Office of Management and Budget